

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

**The Market Conduct Examination of
UNUM Life Insurance Company of
America.**

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) No. G 2000 - 06

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) FINDINGS, CONCLUSIONS, AND

) ORDER ADOPTING REPORT

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BACKGROUND

An examination of the market conduct of UNUM Life Insurance Company of America (the Company) for the period January 1, 1995, to September 30, 1997, was conducted by market conduct examiners of the Washington State Office of the Insurance Commissioner. The Company is an insurer authorized under RCW 48.05.030. This examination was conducted in compliance with the laws and regulations of the State of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner. This examination was limited to Complaints and Claims.

The examination report with the findings and recommendations was transmitted to the Company for their comments on August 21, 1998. Response to the draft report was received on October 7, 1998. The final report with edits was sent to the Company for final review on January 13, 2000. Final comments on the report were received on January 21, 2000.

The Commissioner or a designee has considered the report, the relevant portions of the examiner workpapers, and the submission by the Company. The report was modified to reflect new information provided by the company in their responses.

Subject to the right of the Company to demand a hearing pursuant to chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

The Commissioner adopts as findings the findings of the examiners as contained in the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct of the Company.

ORDER

The examination report as filed, attached hereto and incorporated by reference, is hereby **ADOPTED** as the final examination report.

It is **ORDERED** that the Company comply with the Instructions in the report no later than 30 days from the date of this order and continuing thereafter. Those instructions are as follows (the page and other references are to the report):

1. The Company did not meet the requirements of WAC 284-50-650, which requires an insurer to respond to inquiries from the Office of the Insurance Commissioner within 15 working days of receipt of the inquiry. The Company is instructed to adhere to the 15 working day standard when responding to OIC inquiries. (Page 7, Complaint Standard #1, Appendix I)
2. WAC 284-30-380(3) requires that notification of delays in claim processing, including the reason for the delay, must be given to the claimant every 30 days. The Company did not regularly communicate with the claimant as to status of the pending claim in 13 files. The Company is instructed to add a procedure to the Individual Disability Benefits Guide showing when status notification is required, and to add this requirement to their quality audit procedure to ensure compliance. (Page 10, Claim Standard #5, Appendix V)
3. WAC 284-30-350(7) requires that any payment made before final claim determination (Reservation of Rights payments) be accompanied by a letter that states there is a possibility that the payment(s) may need to be reimbursed to the insurer. The Reservation of Rights letter used by the Company does not disclose this policy provision. The Company is instructed to revise the Reservation of Rights letter immediately to include the required disclosure, or to amend the policies to remove the company's right to recover benefits paid out prior to the final claim determination. (Page 12, Claims Standard #7, Appendix VII)

ENTERED at Lacey, Washington, this 27th day of January, 2000.

DEBORAH SENN

Insurance Commissioner

By:

WILLIAM E. FRANSEN

Deputy Commissioner